

Virginia Enterprise Zones

Grant Year 2012

How-to-Qualify Workshop



**Virginia
Enterprise
Zones**



**VIRGINIA DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT**

Partners for Better Communities

www.dhcd.virginia.gov

Workshop Agenda

- Grant Year 2011 in Review
- Grant Year 2012 Budget
- Real Property Investment Grant
- Job Creation Grant
- CPA Attestation
- How to Submit
- Questions and Answers
- Evaluations



Virginia Enterprise Zones (VEZ)

- VEZ is a partnership between state and local government to encourage job creation and private investment.
- The State provides two grant-based incentives, the **Real Property Investment Grant (RPIG)** and the **Job Creation Grant (JCG)** to qualified investors and job creators that are investing in real property & creating jobs in Enterprise Zones.



Grant Year 2011 in Review

- Budget: \$15.65 million
- No Proration
- Grant Awards:
 - RPIG: 142 Zone Investors received over \$11 Million
 - JCG: 57 Businesses received nearly \$3 Million
- Investment Leveraged in Zones:
 - \$ 178,453,631 in real property investments
 - 976 net new jobs



Grant Year 2012 Budget

The General Assembly has allocated **\$14.15 million** to fund GY 2012 Job Creation Grants and Real Property Investment Grants.

Job Creation Grants receive funding priority. After fully funding the JCGs, the remaining funds will be allocated to the RPIGs. The amount paid to each RPIG applicant shall be prorated proportionally should grant requests exceed the remaining funds.



Qualifying for the Real Property Investment Grant



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Real Property Investment Grants

The intent of the Real Property Investment Grant program is to provide an incentive for the rehabilitation, expansion, and new construction of real property within the boundaries of Enterprise Zones.



RPIG: Qualified Properties

Must be located within the boundaries of an Enterprise Zone

- Contact your Local Zone Administrator to confirm your property is in an EZ

Eligible Properties:

- Commercial
- Office
- Industrial
- Mixed-use
- Buildings and Facilities



Mixed-Use Properties

- 30% of usable square footage in building must be devoted to commercial, office, or industrial use
- No more than 70% of ***useable floor space*** can be devoted to residential use



Building Vs. Facility

- Facility – Group of buildings co-located at a single, physical location involved in related operations under common ownership and management.
 - Lumber mill plant consisting of several buildings
 - Hotel with two buildings
 - *All must be necessary to facilitate the conduct of the same trade or business*



RPIG: Qualified Applicants

Qualified zone investor: Any entity or individual capitalizing the costs associated with the rehabilitation, expansion, or new construction of a qualified property.

- Owner of a building or facility (occupant or non-occupant)
 - One of multiple owners*
 - Tenant *
 - Developer
- Units of State, Local, and Federal government are not eligible applicants

** Must complete supplemental form(s)*



RPIG: Eligibility Criteria

Minimum investment thresholds:

- Rehab & Expansion: \$100,000 in qualified real property investments
- New Construction: \$500,000 in qualified real property investments



RPIG: Qualified Investments

General Criteria for Qualified Investments:

- Hard construction costs
- Structurally part of the building/facility

Examples:

- Carpentry
- Ceilings
- Demolition
- Doors, windows
- Drywall
- HVAC
- Painting
- Plumbing
- Masonry
- Roofing



RPIG: Unqualified Investments

Examples of Ineligible Cost:

- Architectural fees
- Closing Costs
- Furnishings (window treatments and appliances)
- Capitalized interest
- Insurance
- Permits, inspection fees
- Signage and signs
- Utilities
- Utility hook-up or access fees



RPIG: Grant Calculation

- Up to 20% of qualified real property investment over the eligibility threshold
- Grants are capped per building/facility over a five (5) consecutive year term* based on cumulative level of investment
 - Up to \$100,000 per building/facility for qualified real property investments less than \$5 million
 - \$200,000 per building/facility for qualified real property investments of \$5 million or more

* *Starting with the qualification year in which a grant was first awarded.*



RPIG: Eligibility Matrix

Amount		Lower Threshold (Minimum Investment)		Cap (Maximum Grant Amount)	
Rehab	New Construction	Rehab	New Construction	Rehab	New Construction
20% above Threshold	20% above Threshold	\$100,000	\$500,000	\$100,000	\$100,000
\$5,000,000 in investment qualifies for additional cap space for a total of:				\$200,000	\$200,000

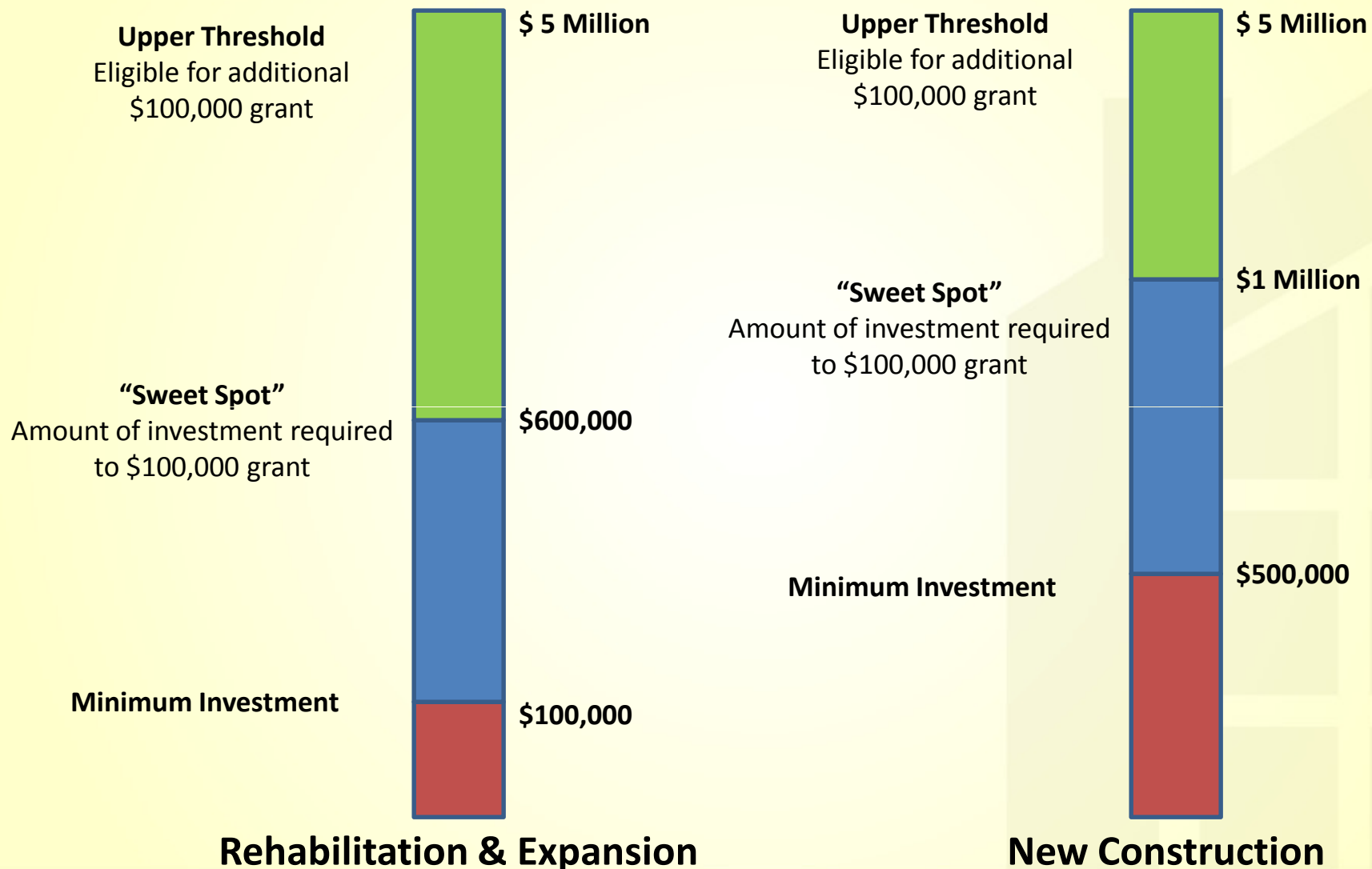


RPIG: Grant Calculation Examples

Example	<u>Rehab</u>	<u>New Construction</u>
Investment	\$600,000	\$1,000,000
Threshold	- <u>\$100,000</u>	- <u>\$500,000</u>
Grant Eligible	\$500,000	\$500,000
	x <u>.20</u>	x <u>.20</u>
Grant	\$100,000	\$100,000



RPIG: Investment Continuum



Grant Year Trigger

The calendar year in which a building/facility is “placed in service” determines the RPIG qualification year:

- Date of approved, final Certificate of Occupancy (CO)
- Date of approved, final building inspection
- Date of licensed third party building inspection (when project does not require permits)

A copy of the placed in service documentation is required to be submitted with all RPIG applications



Third Party Inspector's Report

Only acceptable when project does not require **any** permits

- The Report- Each locality has a written policy establishing guidelines for third party inspections and the format of the report
 - It is the responsibility of the applicant to verify the local policy on third party inspections.
- A Letter from the local building code office verifying no permits required
 - Must be on official letterhead and reference physical address of property



Placed in Service Documentation

- To be eligible for GY 2012, a property must be placed in service in calendar year 2012.
- The deadline to be eligible for GY 2012 is December 31, 2012
- DHCD is unable to process applications with placed in service documentation from previous calendar years
- Applicants must apply with the final placed in service documentation that is required by locality
- It is the responsibility of the applicant to verify if their rehab/expansion project requires permits with the local building code office



RPIG: Required Application Forms

- **Form EZ-RPIG**
- **Supplemental forms (when applicable):**
 - Form EZ-RPIG *Multiple Owner*
 - Form EZ-RPIG *Tenant Owner Consent*
 - Form EZ-RPIG *Tenant Coordination*
 - Form EZ-RPIG *Mixed Use*

All application materials are available online on the **Enterprise Zone Application Submission Site**. Visit www.dhcd.virginia.gov for the link.



Form EZ-RPIG

Organized into seven parts:

- Part I: Background Information
- Part II: Placed-in-Service Documentation
- Part III: Qualified Investments
- Part IV: Qualification Information
- Part V: Contact Information
- Part VI: Application Information
- Part VII: Declaration



Part I: Background Information

PART I: BACKGROUND INFORMATION				
1. Qualified Zone Investor's Legal Name [REDACTED]		2. Type of Zone Investor (check one) <input type="checkbox"/> Owns building—occupant <input type="checkbox"/> Owns building—non-occupant <input type="checkbox"/> Owns space in building (i.e. office condo)— <i>Supplemental Multiple Owner Form required</i> <input type="checkbox"/> Tenant in building— <i>Supplemental Tenant Form(s) required</i> <input type="checkbox"/> Developer (not owner)— <i>See Manual</i>		
3. Federal Employment ID# (FEIN)/Social Security Number (SSN) <div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> </div>				
4. Physical Address of Zone Establishment (Street number and name) [REDACTED]		City/County/Town [REDACTED]		
5. Real Property Use Classification (check one) <input type="checkbox"/> Industrial <input type="checkbox"/> Commercial <input type="checkbox"/> Mixed Use-- <i>Supplemental Mixed Use Form required</i>		6. Type of Real Property (check one) <input type="checkbox"/> Building <input type="checkbox"/> Facility		
7. Type of real property investment that was made: <input type="checkbox"/> Rehabilitation of an existing building/facility <input type="checkbox"/> Expansion of an existing building/facility <input type="checkbox"/> New Construction		8. Property Identification Number(s) (Refer to page 16 of Instruction Manual) [REDACTED]		
9. Zone Name [REDACTED]	10. Zone # [REDACTED]	11. Zone Designation Date [REDACTED]/[REDACTED]/[REDACTED]	12. Name of Local Zone Administrator [REDACTED]	
13. Signature of Local Zone Administrator verifying that physical address/type of real property/ and property identification number listed on EZ-RPIG Part I items 4, 5, and 8 is in the enterprise zone identified in item 9 above. <div style="text-align: right;">Date [REDACTED]</div>				



Part II: Placed In Service Documentation

PART II: PLACED-IN-SERVICE DOCUMENTATION

A.

☐

CERTIFICATE OF OCCUPANCY

☐

FINAL INSPECTION

☐

THIRD PARTY INSPECTOR'S REPORT

B. Please briefly explain any differences in the name listed on the Final Placed in Service Documentation from the name listed in PART 1: Background Information as the Qualified Zone Investor. You may attach a letter to this form if additional space is required.



Part III: List of Qualified Investments

PART III: ITEMIZED LIST OF QUALIFIED REAL PROPERTY INVESTMENTS

List the category of work and the total costs involved for each qualified real property investment. For a list of items that qualify as real property investments, see pages 10-11 of the Real Property Investment Grant Instruction Manual.

Zone Investor made the following qualified real property investments to the **building/facility** located at **physical address**, Virginia.

Qualified Real Property Investment		Dollar Amount
1.		\$
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
11.		
12.		
13.		
14.		
15.		
16.		
17.		
18.		
19.		
20.		
21.	Total Qualified Real Property Investment	\$ (amount to enter in line 3A)



Part IV: Qualification Information

PART IV: QUALIFICATION INFORMATION

1. Date Real Property Placed in Service (MM/DD/YYYY) <ul style="list-style-type: none"> To verify this date <u>attach a copy</u> of the final Certificate of Occupancy, Final Building Inspection (approved by local jurisdiction), or a licensed third party inspector's report in cases where project did not require a permit. <ul style="list-style-type: none"> When submitting a licensed third party inspector's report, <u>attach a letter</u> from the local Building Official verifying that project did not require any permits. 	1. <input type="text"/> / <input type="text"/> / <input type="text"/>
2. Qualification is requested for calendar year	2. 2012
3. Grant Calculation	
A. Actual dollar amount of qualified real property investments made by applicant.	3A. \$ <input type="text"/>
B. Applicable investment threshold based on the type of real property investment.	3B. \$ <input type="text"/>
C. Grant eligible dollar amount. (Line 3A minus Line 3B)	3C. \$ <input type="text"/>
D. Multiply line (C) by 20%. This is the amount of grant the zone investor is requesting. <ul style="list-style-type: none"> For investments (line A) less than \$5 million, this amount cannot exceed \$100,000. For investments (line A) of \$5 million or more, this amount cannot exceed \$200,000. <i>Note: Tenants or zone investors who own a space within a building cannot request the maximum grant amount if they did not coordinate qualification or receive owner consent.</i>	3D. \$ <input type="text"/>
4. Real Property Investment Grants previously issued to building or facility. See RPIG Award Schedule to complete this section.	
A. Have real property investment grants been awarded to the building or facility in the last four years? If yes, complete section B.	4A. <input type="checkbox"/> YES <input type="checkbox"/> NO
B. If yes, indicate the total amount received in previous years.	4B. \$ Amount <input type="text"/>



Parts V & VI: Contact and Application Information

PART V: CONTACT INFORMATION

1. Name of Grant Applicant Representative					
Prefix (Mr., Ms., Dr.) []	First Name []	Last Name []	Title []	Daytime Phone # () - []	E-mail Address []
Principal Mailing Address (Address grant correspondence is mailed to) []			City []	State []	Zip Code []
2. Certified Public Accountant (preparer of required Attestation Report)					
Name of Certified Public Accountant []		VA License # []	Daytime Phone # () - []	Email Address []	
3. Accounting Firm []	Street Address []		City []	State []	Zip Code []

Part VI: APPLICATION INFORMATION

Check the boxes below that apply to your application submission.

1. ☐ This application has been submitted electronically
2. ☐ Application includes Supplemental EZ-RPIG Mixed-Use Form
3. ☐ Application includes Supplemental EZ-RPIG Multiple-Owner Form
4. ☐ Application includes Supplemental EZ-RPIG Tenant Coordination Form
5. ☐ Application includes Supplemental EZ-RPIG Tenant Owner Consent Form
6. ☐ Submission includes CPA Attestation Report Form
7. ☐ Submission includes Final Placed-in-Service documentation



Part VII: Declaration

PART VII: DECLARATION

APPLICANT: I, the undersigned, on behalf of the zone investor, declare that I have made the management decisions necessary to complete this form and this form has been examined by me and is an accurate statement. I have disclosed all of the required documentation so that the CPA could perform the agreed upon procedures established by DHCD. I am authorized to sign on behalf of the zone investor.

Signature	Typed or Printed Name	Title	Date (MM/DD/YYYY)

KEEP A COPY OF THIS FORM FOR YOUR RECORDS. The Department may at any time review qualified zone investors records related to qualification to assure that information provided in the application process is accurate. Qualified zone investors shall maintain all documentation regarding qualification for enterprise zone incentive grants for a minimum of three years following the receipt of any grant. Real property investment grants that do not have adequate documentation regarding qualified real property investments may be subject to repayment by the qualified zone investor



RPIG: Supplemental Forms

Supplemental forms are required if the zone investor is:

- **A tenant**
 - Form EZ-RPIG Tenant Owner Consent
 - Form EZ-RPIG Tenant Coordination (if required by owner)
- **Owns a space within a building/facility**
 - Form EZ-RPIG Multiple-Owner
- **Applying for investments made to a mixed-use building**
 - Form EZ-RPIG Mixed-Use



Grant Coordination

When applicable, supplemental forms verify coordination with all other owners or tenants in building:

- Ensures that no more than the applicable grant cap is requested within a five-consecutive year period for the building or facility

In cases where the required coordination does not take place, DHCD will determine the maximum grant amount available based on whichever is less of the following scenarios:

- 20 percent of the investor's qualified real property investment, capped at the applicable threshold for the cumulative level of investment; **or**
- The square foot percentage leased or owned by the zone investor multiplied by the applicable investment threshold: \$100,000 or \$200,000.



Mixed-Use Buildings

- Form EZ-RPIG Mixed-Use verifies that at least 30% of usable square footage in building is devoted to commercial, office, or industrial use
- The form must be completed by the preparer of the measured drawings/plans for work done to the referenced building
 - The preparer of plans may be a licensed architect, surveyor, or draftsman
- Licensed Third Party Verification is acceptable ONLY when:
 - No plans are required by locality (verification letter)
 - The applicant (or member of applicant's firm) prepared their own drawings



RPIG: Required Submission Materials

- **Form EZ-RPIG (submitted online)**
- **Supplemental Forms (when applicable):**
 - Form EZ-RPIG Multiple Owner
 - Form EZ-RPIG Tenant
 - Form EZ-RPIG Mixed Use
- **Placed in Service Documentation**
- **W-9**
- **CPA Attestation Report**

**All required
application materials
are due to DHCD by
close of business on
April 1, 2013.**



CPA Attestation Report

A Certified Public Accountant (CPA), independent of the applicant and licensed by state of Virginia, must perform agreed-upon procedures outlined by DHCD.



Common Application Issues

- Placed in service documentation is not final or indicates pending work or a failed inspection.
- Properties identified as a buildings instead of a facilities.
 - Applications for buildings that seem to be co-located
 - Example: 7012, 7014, and 7016 Main Street
- CO spans multiple address but application only references one address



Common Application Issues

- Vague or conditional schedule items such as “Change Order”, or “Site Work”
 - It is best to break down and individually list all investments
 - Example: Instead of “Site Work” include the specific items such as:
 - Clearing
 - Concrete Excavation
 - Construction Fee
 - Construction Overhead
 - Drywall

Please use as much detail as possible when including conditional items



RPIG Monitoring & Recordkeeping

- DHCD monitors grant recipients
- Qualified zone investors shall maintain all documentation regarding qualification for enterprise zone incentive grants **for a minimum of three years following the receipt of any grant**
- Grantees that do not have adequate documentation may be subject to repayment



Grant Year 2012 RPIG Timeline

- December 31, 2012 - Zone investor **must** receive placed in service documentation by this date to apply for 2012 Grant Year.

Virginia Enterprise Zones Grant Year 2012 Timeline

- **April 1, 2013:** Applicant submits required application materials to DHCD
- **May 15, 2013:** DHCD notifies applicant of deficiencies
- **June 1, 2013:** If necessary, applicant resubmits to resolve deficiencies
- **June 30, 2013:** DHCD notifies applicant of qualification
- **July, 2013:** Virginia Department of Treasury sends Enterprise Zone Grant check to applicant



Real Property Investment Grant

Questions and Answers



Qualifying for the Job Creation Grant



VIRGINIA DEPARTMENT OF HOUSING
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Job Creation Grants

The intent of the Job Creation Grant program is to provide an incentive for the creation of permanent fulltime positions that offer higher wages and health benefits.



2012 Legislative Changes

- Business firms may now apply for the Enterprise Zone Job Creation Grant as well as the Major Business Facility Job Tax Credit.
- Firms may not apply for the Job Creation Grant for positions used to qualify for the tax credit.
- Previously, firms were not allowed to apply for both the JCG as well as the tax credit.



2012 High Unemployment Area Update

- Businesses located in HUA zones are eligible to apply for the JCG at a reduced wage rate threshold of \$10.88/hour (150% of the Federal minimum wage)

2012 Enterprise Zone Grant Year	
High Unemployment Areas (HUA)	
Brunswick County - Zone 32	Lawrenceville Town - Zone 32
Carroll County - Zone 27	Martinsville City - Zones 36 & 54
Chilhowie Town - Zone 51*	Mecklenburg County Zones 38 & 56
Clarksville Town - Zone 56	Patrick County - Zone 22
Danville City - Zones 1 & 57*	Petersburg City - Zones 10 & 47*
Franklin City - Zone 18*	Richmond City - Zones 19, 28*, 29
Galax City - Zone 13	Saltville Town - Zone 51
Halifax County - Zone 15	Smyth County - Zones 6 & 51*
Henry County - Zones 36 & 54	South Boston Town - Zone 15
Hillsville Town - Zone 27	South Hill Town - Zone 38
Hopewell City - Zone 9	Stuart Town - Zone 22
LaCrosse Town - Zone 38	
*The following communities in joint zones are NOT HUAs: Dinwiddie County, Southampton County, Isle of Wight County, Washington County, Glade Spring Town, Pittsylvania County, and Henrico County. Businesses in these communities are not eligible for the reduced wage threshold. Source: DHCD based on the LAUS Unit and Bureau of Labor Statistics 2011 Annual Virginia Unemployment Report	



HUAs Continued...

The following localities are now considered HUAs:

- **City of Richmond**
- **Galax**
- Businesses in these zones may begin applying for the \$500/ PFTE Job Creation Grant at the reduced wage rate threshold of \$10.88 beginning in Grant Year 2012



The following communities are no longer HUA's:

- **Covington**
 - **Pittsylvania**
 - **Pulaski County**
 - **Pulaski Town**
 - **Wythe**
- Any business that has applied for the JCG as an HUA applicant in a zone listed above may continue to qualify for the \$500 grant at the reduced wage threshold of \$10.88 for the remainder of their 5-year grant period.
 - Any new businesses applying for the JCG in these zones must pay the wage rate threshold of at least \$12.69 (175% of the Federal minimum wage) to be eligible for the grant.



The following communities in joint zones are NOT HUAs:

- *Dinwiddie County*
 - *Southampton County*
 - *Isle of Wight*
 - *Washington County*
 - *Pittsylvania County*
 - *Henrico County*
 - *Glade Spring Town*
- Businesses in these zones are not eligible for the reduced wage threshold.



JCG: Eligibility Requirements

- The business firm must be located in a VA Enterprise Zone.
- The firm must create at least four net new permanent full-time positions over the base calendar year*.
- The net new positions must meet wage and health benefit requirements:
 - Positions must be paid at least 175% of the Federal minimum wage (150% in HUAs)
 - Positions must be offered health benefits where at least 50% of the employee's premium is paid by the employer



“Base Calendar Year”

- *Base years are either of the two calendar years immediately preceding a business firm’s first year of grant eligibility.
- Example: Firm A has a base year employment level of 10 positions. To be eligible for the JCG, Firm A must increase employment to at least 15 permanent full-time positions (the first four to be eligible, and the 5th to receive a grant award).
- First time JCG applicants for GY 2012 could have a base year of 2011 or 2010.



Permanent Full-Time Positions

Permanent full-time positions are defined as **“jobs of indefinite duration at a business firm located in an Enterprise Zone, requiring the employee to report to work within the zone.”**



Permanent Full-Time Positions

- These position must be normally scheduled to work either:
 - A minimum of 35 hours/week for at least 48 weeks;
 - A minimum of 35 hours/week for portion of taxable year in which employee was hired; or
 - A minimum of 1,680 hours/year if standard fringe benefits are paid by business firm.



JCG: Restrictions

Restricted Positions:

- Personal service (NAICS 812)
- Food and beverage
- Retail

Restricted Applicants:

- Units of local, state, or federal government
- Non-profits, other than those classified under NAICS 813910 and 813920



JCG: Grant Calculation

- Grant awards are determined by the wages of grant eligible positions
 - Grants are issued in amounts of:
 - Up to \$500* per position for employees earning at least 175% of Federal minimum wage (150% in HUAs) & offered health benefits
 - Up to \$800* per position for employees earning at least 200% of Federal minimum wage & offered health benefits.
- *Grants are prorated based on number of full months worked
- Firms can receive grants for a maximum of 350 positions per year



Federal Minimum Wage is \$7.25/hr

Percentage of Minimum Wage	Wage Rate Threshold	PFTE	Eligible Businesses
(200%)	\$14.50	\$800	All Businesses
(175%)	\$12.69	\$500	All Businesses
(150%)	\$10.88	\$500	HUA Businesses



JCG: Grant Term

- Grants area available for five-consecutive year qualification periods.
- To be eligible for the JCG in years two through five of the grant cycle, a business must maintain at least 4 net new permanent full-time positions over their base year employment level.



Job Creation Grant: JCG Worksheet

The JCG Worksheet was designed to calculate the number of grant eligible positions and the number of months* employed during the grant year for purposes of qualifying for the Job Creation Grant.

- The applicant is responsible for entering employment data into the JCG/JCG-HUA Worksheet.
- Once entered, the Worksheet automatically calculates qualification information to be used for the JCG application form, Form EZ-JCG.

*If a position was not filled for the entire grant year, proration based on months employed is automatically calculated



Job Creation Grant: Worksheet

There are two JCG worksheets:

Basic JCG worksheet

- Wage classification for net new positions earning at least \$12.69/hour

JCG HUA worksheet

- Wage classification for net new positions earning at least \$10.88/hour



JCG Worksheet: Overview

I, _____, being duly authorized as a representative of the company, do hereby affirm the following:

- No employees working in retail, personal service, or food and beverage positions have been included on this worksheet.
- No employees are listed for which:
 - A grant was previously earned by a related party, as defined by the Internal Revenue Code § 267 (b), or a trade or business under common control;
 - An employee filling the position was previously employed in the same job function in Virginia by a related party, or a trade or business under common control;
 - The permanent full-time position was previously performed at a different location in Virginia by an employee of the taxpayer, a related party, or a trade or business under common control;
 - The permanent full-time position previously qualified for a grant in connection with a different enterprise zone locality on behalf of the taxpayer, a related party, or a trade or business under common control; or
 - Was filled in the Commonwealth of Virginia and the trade or business where that position was located was purchased by another taxpayer.
- All the positions listed on this worksheet meet the "report to work" requirement such that the employee filling the permanent full-time position reports to the business zone establishment on a regular basis, i.e. at least once a month.

Signature of Business Firm Representative _____ Date _____

*Please fill out the worksheet from left to right. Skipping columns may lead to incorrect calculations.

Employees Filling Permanent Full-Time Positions				Base Year			Current Grant Year (GY): 2012				Wage Classification for Net New Positions			
Employee Number	Included in CPA Sample Y/N	Employee Name	Last 4 digits of SSN	First work date in base year	Last work date in base year	Months the EF-PFTP worked in Base Year	First work date in grant year 2012	Last work date in grant year 2012	Months the EF PFTP worked in Grant Year	Offered Health Benefits Y / N	Hourly wage Rate for Employees listed in ONLY Grant Year	PFTP in GY not grant eligible (not new in grant year or not meeting wage & health benefit requirement)	New EF PFTP in GY earning at least \$12.69/hr but less than \$14.50/hr	New EF PFTP in GY earning at least \$14.50/hr
1						0.00			0.00		XX.XX	0.00	0.00	0.00
2						0.00			0.00		XX.XX	0.00	0.00	0.00
3						0.00			0.00		XX.XX	0.00	0.00	0.00
4						0.00			0.00		XX.XX	0.00	0.00	0.00
5						0.00			0.00		XX.XX	0.00	0.00	0.00
6						0.00			0.00		XX.XX	0.00	0.00	0.00
7						0.00			0.00		XX.XX	0.00	0.00	0.00
8						0.00			0.00		XX.XX	0.00	0.00	0.00
9						0.00			0.00		XX.XX	0.00	0.00	0.00
10						0.00			0.00		XX.XX	0.00	0.00	0.00
11						0.00			0.00		XX.XX	0.00	0.00	0.00
12						0.00			0.00		XX.XX	0.00	0.00	0.00
13						0.00			0.00		XX.XX	0.00	0.00	0.00

JCG Worksheet Form EZ-JCG Values Printing Instructions



JCG Worksheet: Who to Include

- The following positions should not be included on the worksheet:
 - Positions that are not permanent and full-time
 - Food and beverage, retail, and personal service positions
 - Churned positions
 - Those not meeting the report to work requirement
- Wage information only needs to be listed for:
 - Permanent full-time positions hired in grant year that have been offered health benefits
- Employees that were given a raise during the grant year must be entered at each wage rate



JCG Worksheet: Features

- Worksheet distributes full months worked at each eligible wage rate requirement (150%, 175% or 200%) once wage is entered
- Certain cells are locked within worksheet to protect formulas
- Some columns hidden
- Cells will turn red to signal potential errors



JCG Worksheet: Sample

16	*Please fill out the worksheet from left to right. Skipping columns may lead to incorrect calculations.														
17	Employees Filling Permanent Full-Time Positions				Base Year			Current Grant Year (GY): 2012					Wage Classification for Net New Positions		
18	Employee Number	Included in CPA Sample Y/N	Employee Name	Last 4 digits of SSN	First work date in base year	Last work date in base year	Months the EF-PFTP worked in Base Year	First work date in grant year 2012	Last work date in grant year 2012	Months the EF PFTP worked in Grant Year	Offered Health Benefits Y / N	Hourly wage Rate for Employees listed in ONLY Grant Year	PFTP in GY not grant eligible (not new in grant year or not meeting wage & health benefit requirement)	New EF PFTP in GY earning at least \$12.69/hr but less than \$14.50/hr	New EF PFTP in GY earning at least \$14.50/hr
19															
20	1		Niels Bohr	1111	09/01/11	12/31/11	4.01	01/01/12	12/31/12	12.00			12.00	0.00	0.00
21	2		Rachel Carson	2222	01/01/11	12/31/11	12.00	01/01/12	12/31/12	12.00			12.00	0.00	0.00
22	3		Margaret Cavendish	3333	12/27/11	12/31/11	0.16	01/01/12	12/12/12	11.41			11.41	0.00	0.00
23	4		Francis Crick	4444	01/01/11	01/25/11	0.82			0.00			0.00	0.00	0.00
24	5		Marie Curies	5555	06/01/11	12/31/11	7.04	01/01/12	08/14/12	7.46			7.46	0.00	0.00
25	6	Y	John Dalton	6666			0.00	05/01/12	10/25/12	5.85	Y	10.88	5.85	0.00	0.00
26	7	Y	Charles Darwin	7777			0.00	02/01/12	12/31/12	11.01	Y	13.00	0.00	11.01	0.00
27	8	Y	Albert Einstein	8888			0.00	01/01/12	12/31/12	12.00	Y	15.00	0.00	0.00	12.00
28	9	Y	Paul Erlich	9999			0.00	03/01/12	08/09/12	5.33	N		5.33	0.00	0.00
29	10	Y	Enrico Fermi	1010			0.00	01/01/12	08/01/12	7.04	Y	14.50	0.00	0.00	7.04
30	11	Y	Enrico Fermi	1212			0.00	08/02/12	12/31/12	5.00	Y	16.50	0.00	0.00	5.00
31	12	Y	Ben Franklin	1313			0.00	01/01/12	12/31/12	12.00	N		12.00	0.00	0.00
32	13	Y	Robert Hooke	1414			0.00	03/01/12	12/31/12	10.06	Y	11.50	10.06	0.00	0.00
33	14	Y	Mary Leakey	1515			0.00	01/01/12	12/31/12	12.00	Y	12.50	12.00	0.00	0.00
34	15	Y	Richard Leakey	1616			0.00	01/01/12	12/31/12	12.00	Y	13.50	0.00	12.00	0.00
35	16	Y	Barbara McClintock	1717			0.00	10/22/12	12/31/12	2.33	N		2.33	0.00	0.00
36	17	Y	Isaac Newton	1818			0.00	01/01/12	03/01/12	2.01	Y	14.00	0.00	2.01	0.00
37	18	Y	Isaac Newton	1919			0.00	05/01/12	11/11/12	6.41	Y	15.50	0.00	0.00	6.41
38	19						0.00			0.00		XX.XX	0.00	0.00	0.00
39	20						0.00			0.00		XX.XX	0.00	0.00	0.00



JCG Worksheet: Form EZ-JCG Values

	A	B	C
1	Values to be Entered in Form EZ-JCG		
2	New Job Creation	Total Value	Form Reference
3	# of all equivalent PFTP filled by the firm during the BASE year	2.00	Part II., 4.A.
4	# of all equivalent PFTP filled by the firm during the GRANT year	12.16	Part II., 4.B.
5	New eligible PFTP filled in grant year earning at least 200% of the federal minimum wage and health benefits	2.54	Part II., 5.E.
6	New eligible PFTP filled in grant year earning at least 175% of the federal minimum wage (but less than 200%) and health benefits	2.09	Part II., 5.F.
7			
8			
9			

JCG Worksheet Form EZ-JCG Values Printing Instructions



JCG Worksheet: Printing Instructions

Please note that while you are no longer required to submit the JCG Worksheet you are required to use it for completing the application and a hard copy must be kept on file with your other grant request documentation.

When printing the hard copy for your documentation records, please follow the instructions below.

Since the worksheet is equipped with formulas in place for 3,000 rows, the worksheet will print **ALL** the rows unless the print range is specified by the applicant.

Follow these instructions to ensure that only the completed portions of the worksheet are printed.

- ☐ Under the **View** tab on top toolbar, click on "Page Break Preview" to determine the total number of pages completed.
- ☐ When printing, specify the print range based on the number of pages completed by the applicant.
- ☐ The hard copy should only include the completed pages within the "JCG Worksheet" tab.
- ☐ The worksheet must be printed with a landscape layout on legal size paper.

Once the hard copy has been printed:

- ☐ The business firm representative must sign the first page and initial each page of the JCG Worksheet.



Salary to Wage Rate Conversion

- Divide an employee's annual salary by 1820 hours
 - Include shift premiums and commissions
 - Do not include bonuses or overtime
- Calculations must be shown in the Attestation Report



Form EZ-JCG

Organized into four parts:

- Part I: Background Information
- Part II: Qualification Information
- Part III: Contact Information
- Part IV: Declaration



Part II: Qualification Information

PART II: QUALIFICATION INFORMATION

In order to calculate the number of grant eligible employees and determine the applicable grant amount, please complete the JCG Worksheet prior to completing this section. Values on the JCG Worksheet are used to complete #4 and #5 below (indicated in italics below).

1. Grant is requested for calendar year 2012
2. Check year of qualification. ☐ YR 1 ☐ YR 2 ☐ YR 3 ☐ YR 4 ☐ YR 5
3. Base calendar year used by the business firm (YYYY). *The base year remains the same for the five years of qualification.*

4. **Grant Eligible Positions** *(Net new positions over four job threshold; Note: PFTP = Permanent full-time position.)*

All documented jobs must exclude positions in retail, food and beverage, and personal service.

A. # of all equivalent PFTP filled by the firm during the BASE year. <i>(Sheet 2 of JCG Worksheet, Cell B3)</i>	A. <input type="text"/>
B. # of all equivalent PFTP filled by the firm during the GRANT year. <i>(Sheet 2 of JCG Worksheet, Cell B4)</i>	B. <input type="text"/>
C. Increase in the # of equivalent PFTP created over the base year. Subtract line (A) from line (B).	C. <input type="text"/>
D. Net new jobs created over four net new job threshold. Subtract 4 from line (C). <i>Note: If line (C) is equal to or less than 4, the firm will not qualify for job creation grants.</i>	D. <input type="text"/>

5. **Grant Eligible Employees with Qualifying Wage Rates and Health Benefits**

E. New eligible PFTP filled in grant year earning at least 200% of the federal minimum wage and offered health care benefits. ▪ List total new grant year equivalent PFTP indicated on JCG worksheet <i>(Sheet 2, Cell B5)</i> meeting this requirement.	E. <input type="text"/>
F. New eligible PFTP filled in grant year earning at least 175% of the federal minimum wage (but less than 200%) and offered health care benefits. ▪ List total new grant year equivalent PFTP indicated on JCG worksheet <i>(Sheet 2, Cell B6)</i> meeting this requirement.	F. <input type="text"/>
G. Number of new grant year PFTP meeting wage and health benefits requirements. ▪ Add lines E and F.	G. <input type="text"/>

150% in HUAs



Part III: Contact Information

PART III: CONTACT INFORMATION

1. Name of Grant Applicant Representative

Prefix (Mr., Ms., Dr.) []	First Name []	Last Name []	Title []	Daytime Phone # ([]) [] - []	E-mail Address []
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Principal Mailing Address (Address grant correspondence is mailed to) []	City []	State []	Zip Code []
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2. Certified Public Accountant (preparer of required Attestation Report)

Name of Certified Public Accountant []	VA License # []	Daytime Phone # ([]) [] - []	Email Address []
--	---------------------	-------------------------------------	----------------------

3. Accounting Firm []	Street Address []	City []	State []	Zip Code []
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Part IV: Declaration

The application must be signed and dated by the business firm representative that has made the management decisions necessary to complete the application materials and has reviewed the application for accuracy and completion.



CPA Attestation Report

- A Certified Public Accountant, independent of applicant and licensed by state of Virginia must perform agreed upon procedures outlined by DHCD.
- Attestation requirement is waived if a firm...
 - Has a base year employment of 100 or fewer positions and creates 25 or fewer grant eligible positions (§ 59.1-547)
- Waiver eligibility must be determined each year
- Firm must still complete the required JCG Worksheet



JCG: Required Documentation for CPA Attestation

- I-9's
- First and last payroll records of grant year
- Health benefits information
 - Signed health benefit agreement
 - Health insurance waivers for those declining firm's insurance



Waiver of CPA Attestation

DHCD staff will monitor each firm who was able to waive the attestation requirement annually using the procedures outlined in the CPA Attestation Manual.

The manual is available online at www.dhcd.virginia.gov .



JCG: Required Submission Materials

- **Form EZ-JCG**
- **W-9**
- **CPA Attestation Report**

All required application materials are due to DHCD by close of business on **April 1, 2013.**



Grant Year 2012 JCG Timeline

Virginia Enterprise Zones Grant Year 2012 Timeline

- **April 1, 2013:** Applicant submits required application materials to DHCD
- **May 15, 2013:** DHCD notifies applicant of deficiencies
- **June 1, 2013:** If necessary, applicant resubmits to resolve deficiencies
- **June 30, 2013:** DHCD notifies applicant of qualification
- **July, 2013:** Virginia Department of Treasury sends Enterprise Zone Grant check to applicant



JCG Monitoring & Recordkeeping

- DHCD regularly monitors grant recipients
- All JCG grantees are monitored for their first grant year
- Qualified zone businesses shall maintain all documentation regarding qualification for enterprise zone job creation grants **for at least one year after the final year of their five-year grant period.**
- Grantees that do not have adequate documentation may be subject to repayment



Job Creation Grant

Questions and Answers



CPA Agreed-Upon Procedures



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CPA Agreed-Upon Procedures

- CPA attestation to application information using procedures developed by DHCD is required by statute
- The attestation must be performed by an independent CPA through an agreed-upon procedures engagement under the attestation standards promulgated by the American Institute of CPAs found in AT Section 21



CPA Agreed-Upon Procedures

- Agreed-Upon Procedures will be used by DHCD when processing & monitoring grants
- Discrepancies that arise between what DHCD finds and what an attestation report indicates will be reported to the Board of Accountancy and may require repayment



CPA Agreed-Upon Procedures

Agreed-Upon Procedures Manual for CPAs:

- Each section provides an overview of eligibility, required grant documentation, applicant and CPA responsibilities, FAQ text boxes, hyperlinks to definitions, and the agreed-upon procedures.
- The first half of the manual covers JCG attestation requirements and the second half covers RPIG attestation requirements.

A sample engagement letter template as well as the required attestation report forms are available online.



CPA Agreed-Upon Procedures: JCG

The CPA must perform the three following procedures and report findings after each procedure:

1. Attestation regarding prohibited positions
2. Attestation of permanent full time positions
3. Attestation of grant eligible positions (meeting wage rate and health benefit requirements)



JCG Attestation: Procedure 1

Attestation Regarding Prohibited Positions:

- The CPA will review the NAICS code listed on the Form EZ-JCG (Part I, line item 5) to attest that the NAICS code listed on the Form EZ-JCG is other than 441-454, 722, or 812.



JCG Attestation: Procedure 2

Attestation of PFTP's on JCG Worksheet:

- The CPA will attest that the applicable sampling procedure was used in establishing a sample of permanent full time positions:
 - For **firms with 100 or fewer Employees Filling Permanent Full-time Positions (EF-PFTP's)**, the CPA will review a random sample* of the documentation of 20 EF-PFTP's on the worksheet and reconcile the start/end work dates using information provided on payroll records



JCG Attestation: Procedure 2

- For **firms with more than 100 EF-PFTPs** on the worksheet, the CPA will review a random sampling* of payroll records and health benefit documentation for 20 percent of all employees shown.

* The required random sampling procedure is provided in the JCG attestation report.



JCG Attestation: Procedure 2

Non-Reconcilable errors:

The CPA will report findings on any unexplained difference between information on documentation provided and what is listed on the worksheet for employees in the sample population.

The CPA will continuously select another 20 percent From the original population until the first subsequent sample produces no non-reconcilable errors.

- The applicant can revise the worksheet to remove non-reconcilable errors but the CPA must report on initial findings of non-reconcilable errors in the attestation.



JCG Attestation: Procedure 3

Attestation of Required Documentation:

Using the sampling technique in Procedure 2, the CPA will review the JCG worksheet for base and/or grant year employment and attest that for each sampled employee listed on the worksheet, the required documentation information has been provided by the company:

- I-9
- First and last payroll record (base year and/or grant year*),
- Health benefits enrollment.

*** Base year employment only needs to be sampled for first-time JCG applicants.**



CPA Agreed-Upon Procedures: RPIG

The CPA must perform the following procedures and report findings after each procedure:

1. Attestation of completed application
2. Attestation of qualified real property investments
3. Attestation of placed in service documentation
4. *Attestation of square footage for mixed use buildings**
5. *Attestation of owners of space in building**
6. *Attestation for tenants in building**

**If applicable*



RPIG Attestation: Procedure 1

Attestation of completed application:

- The CPA will attest that the Real Property Investment Grant Form EZ-RPIG and all required attachments have been prepared in the prescribed format and Form EZ-RPIG contains the signed declaration.



RPIG Attestation: Procedure 2

Attestation of qualified real property investments:

- The CPA will attest that each investment listed on the schedule of qualified real property investments is eligible for the RPIG.
 - **Any items he or she is uncertain of should be listed with the corresponding dollar amount in the attestation report.**



RPIG Attestation: Procedure 2

- The CPA will attest that the items and costs listed on the schedule were properly charged to the capital (asset) account.
 - **Any investments/items that have been expensed cannot be included.**
- The CPA will review 100 percent of the invoices/receipts that correspond to items listed on the schedule to attest that they were properly chargeable to the capital (asset) account under generally accepted accounting principles



RPIG Attestation: Procedure 3

Attestation of Placed in Service Documentation:

- The CPA will ensure that the placed in service document is final and no other documentation was issued or is pending
 - **Final CO**
 - **Final building inspection**
 - **Third party inspection**
- The CPA will ensure the property was placed in service in 2012
- If placed in service documentation is only for portion of the property, schedule items must correspond



RPIG Attestation: Procedure 4*

Attestation of square footage for mixed-use buildings:

The CPA will attest that...

- The supplemental form EZ-RPIG Mixed-Use, has been completed and that a licensed third party architect or contractor has signed and sealed the form.
- Math on supplemental form is correct
- At least 30 percent of the useable floor space in the building is devoted to commercial, industrial, or office use

*If Applicable



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RPIG Attestation: Procedure 5*

Attestation for owners of space in a building:

The CPA will attest that...

- The supplemental form, EZ-RPIG Multiple-Owner, has been completed with notarized signatures
- Math on supplemental form is correct
- The supplemental form grant amount corresponds to the requested amount on the EZ-RPIG application

*If Applicable



RPIG Attestation: Procedure 6*

Attestation for tenant in a building:

The CPA will attest that...

- The supplemental forms, EZ-RPIG Tenant-Owner Consent, and EZ-RPIG Tenant Coordination have been completed with notarized signatures
- Math on supplemental forms is correct
- The supplemental forms grant amount corresponds to requested amount on the EZ-RPIG application

* If Applicable



CPA Attestation Report Forms:

- **CPAs MUST use DHCD's CPA Attestation Report Forms**
- Reports should clearly indicate that each procedure was performed in its entirety
- Reports MUST state the findings for each procedure (see [Section AT 201.25](#)) and should avoid vague or ambiguous language in reporting findings (see [Section AT 201.26](#) for examples)



CPA Attestation Report Forms:

- Initialing each procedure is not an adequate description of findings
- Applications with reports where no findings are reported or only the CPA's initials are listed as the findings are considered incomplete and will not be processed until the report is re-submitted



CPA Attestation Report Forms:

- Applications submitted without the Attestation Report will be considered **LATE**.
- Late applications will be processed on a first-come, first served basis if funds remain after on-time applications are processed



CPA Attestation

Questions and Answers



Grant Year 2012 Application Submittal Process



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Application Submittal Process:

Recommended Steps (in order):

1. Applicant confirms with Local Zone Administrator that business or property is within the boundaries of a zone
2. Applicant enters an engagement agreement with an independent, licensed CPA
3. Applicant gathers and completes application material
4. CPA reviews application materials and prepares Attestation Report



Application Submittal Process:

5. Applicant submits application online (You will be prompted to save and print a hard copy *after* hitting submit)
6. Applicant obtains the signature of the Local Zone Administrator on the hard copy of application form
7. Applicant sends DHCD signed hard copies of all application materials including the CPA Attestation Report



Submission of Hard Copies

Delivery methods:

- Certified mail, return receipt requested—
postmarked by April 1st
- UPS, Fed Ex or other services where shipping can
be tracked with a shipped date no later than April
1st
- Hand delivery by close of business April 1st

Applications without all required attachments, ***including a final CPA Attestation Report***, or submitted after due date (but before May 15th) will be considered late.



Submittal of Multiple Applications

- If submitting more than one grant application, each application and respective materials should be sent in separately



Online Application Submission: Email Confirmations

Grant applicants will receive emails for the following reasons:

1. Successful submission of online application
2. Receipt of the hard copy application (including required materials)
3. The application is deficient or more information is requested
4. Confirmation that deficiencies have been resolved

DHCD recommends applicants print and keep a copy of email notifications with their grant records



Application Forms and Manuals

- Manuals for Grant Year 2012 are available online at www.dhcd.virginia.gov
- The online submission system will open January 15th, 2013
 - <https://dmz1.dhcd.virginia.gov/EZApplication/>
- Early submittals are highly encouraged
 - Maximizes the amount of time to resolve potential issues



REMEMBER...

Applications are due

APRIL 1st, 2013

DON'T FORGET!!!!



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www.dhcd.virginia.gov

Application Submittal Process

Questions and Answers



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THANK YOU!

